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New York

SUMMARY RECORD OF THE 9th MEETING

Chairman: Mr. DINU (Romania)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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* Items considered together.

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The meeting was called to order at 10.25 a.m.

AGENDA ITEM 110: PATTERN OF CONFERENCES (continued) (A/47/7/Add.1, A/47/32, A/47/287, A/47/336; A/C.5/47/1)

1. Mr. TANG Guangting (China) said that meetings and conferences were an important means for States Members to discuss important international issues with the aim of safeguarding peace and security and promoting economic development. How to arrange the various meetings and conferences rationally within the existing financial and human resources therefore constituted an important issue.

2. Concerning the intersessional departures from the approved calendar for 1992, he noted that they would not give rise to any administrative or programme budget implications. That was commendable. However, it would be even better if there were no such departures because then there would be savings for the United Nations. It was to be hoped that the various bodies and organs would make full use of the resources placed at their disposal and strive to raise the utilization rate of conference services so as to fulfil their mandated responsibilities within the time allotted to them by the General Assembly. With regard to the draft revised calendar of conferences and meetings for 1993, his delegation agreed with the arrangements and recommendations made by the Committee on Conferences.

3. On the subject of the new method the Committee on Conferences had decided to put into experimental use for preparing meetings statistics, his delegation agreed with the recommendations in paragraphs 27 and 28 of document A/47/32, wherein the Committee requested the Secretariat to develop a notional cost per hour of meeting time and to bring the relevant General Assembly resolutions and guidelines on the utilization of conference-servicing resources to the attention of the members of all United Nations organs at the start of their sessions.

4. His delegation concurred also with the recommendations concerning the control and limitation of documentation. In paragraph 71 of its report, the Committee had pointed to a general lack of compliance with the six-week rule and noted that the report provided by the Secretariat again presented an overview of the current situation rather than proposals for solutions. That abnormal situation should be remedied as soon as possible. The Committee on Conferences and the parties concerned in the Secretariat should carry out an in-depth study on the obstacles to the implementation of the rule and propose ways and means to eliminate them.

5. With regard to the review of the Office of Conference Services, his delegation agreed with the statement in document A/47/336 that in general the working methods of the Office had been found to be efficient and effective, although there was scope for improvement in some areas. It was also pleased to note that the Secretariat had taken a series of actions to further enhance the Office's efficiency and effectiveness. Likewise, it wholeheartedly

(Mr. Tang Guangting, China)

approved the recommendations proposed by the Secretary-General in paragraph 38 of his report.

6. His delegation held that the Office of Conference Services should play a decisive role in the rational organization of the various meetings and conferences. As the Assistant Secretary-General for Conference Services had emphasized, the new challenges faced by the United Nations had greatly increased the Office's workload, so much so that it no longer had any room to manoeuvre. His delegation was deeply concerned about that situation and hoped that the Office would be given the means of functioning as it should.

7. Lastly, concerning the biennialization of the agenda item under consideration, his delegation held that the issue needed serious study by States Members and that opinions should also be sought from the Committee on Conferences.

AGENDA ITEM 106: CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS (continued) (A/46/600 and Add.1-3, A/46/765; A/C.5/47/13)

AGENDA ITEM 107: FINANCIAL EMERGENCY OF THE UNITED NATIONS (continued) (A/46/600 and Add.1-3, A/46/765; A/C.5/47/13)

AGENDA ITEM 124: ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE UNITED NATIONS PEACE-KEEPING OPERATIONS (continued) (A/C.5/47/22)

8. Mr. O'BRIEN (New Zealand), speaking on behalf of Australia, Canada and New Zealand, said that of all the elements that contributed to the preservation of peace-keeping operations were the most visible. It was critical therefore that the financial provision for such operations should be adequate and timely. All the resources made available - money, people and equipment - must be well managed for peace-keeping operations to be effective.

9. With respect to the need for adequate financing, his delegation understood that with the demand for contributions growing in step with the number of peace-keeping operations, the problems for Members in meeting their obligations could be considerable, but it nevertheless held firmly to the principle that peace-keeping was the responsibility of all United Nations Members. At the current time, there were two peace-keeping operations financed wholly or in part by voluntary contributions. Valuable as such contributions could be in the face of the United Nations perennial shortage of resources, they should not become a means for States Members to avoid their financial obligations.

10. Timeliness was the second key aspect in financing peace-keeping operations. Such operations often needed to be mounted at short notice and start-up costs could be heavy. All three delegations supported in principle the establishment of a reserve start-up fund. Several proposals had been made about how funds might be found for that purpose. The innovative proposal put forward by the Japanese delegation, in particular, should form the basis for

(Mr. O'Brien, New Zealand)

consideration of the question. Whatever mechanism was chosen to finance the reserve fund, it was essential to enact strict rules on its management.

11. Where a peace-keeping operation needed to be mounted at very short notice, the three delegations would in principle support a proposal for the General Assembly to approve in advance an appropriation of up to one third of the estimated cost of the operation.

12. In view of the growth in the number, complexity and cost of peace-keeping operations, it was vital to continue improving their management. The Special Committee on Peace-keeping Operations had made helpful suggestions on that subject. It was highly desirable to establish closer coordination between the various Secretariat units dealing with peace-keeping operations. Greater transparency in the use of funds and greater accountability were also needed. For example, more frequent reports should be submitted on the use of the support account and on the Secretary-General's use of his authority to enter into unforeseen and extraordinary expenditure. Force commanders should also be given greater financial authority, since they were better placed to assess the needs of operations on the ground.

13. The three delegations also wished to reiterate their suggestion that Member States should keep the Secretary-General regularly informed of the resources - civilian and military personnel, as well as equipment - that they were ready to make available for peace-keeping operations. Clearly, the final decision about where and when those resources were used would remain with Governments.

14. Mr. SIKKANDER (Sri Lanka) said that the new political will demonstrated by States since the end of the cold war should also be reflected in the financing of United Nations peace-keeping activities, particularly at a time when the Organization was called on to deal with an ever-increasing number of crises world wide and to undertake operations such as those in Cambodia and Yugoslavia, which were the costliest in its history. His own country had paid its contributions to the regular budget in full and on time and he urged all Member States that had not yet done so, whether for technical or political reasons, to fulfil their obligations under Article 17 of the Charter, in order to ease the financial and operational difficulties preventing the Organization from responding effectively to the challenges facing it. The Secretary-General had proposed a number of measures to deal with the crisis. Such measures could only be temporary, until financial stability was restored through regular payments by Member States. They must also be consistent with the United Nations Charter and the Financial Regulations of the United Nations, and should not place an additional burden on the developing countries, where the economic situation was already sufficiently grave.

15. His delegation shared the concern that the proposal to charge interest on Member States which failed to pay their assessed contributions within 60 days would not have the desired effects, since it would act as a disincentive to those countries which had legitimate reasons to delay their payments. In

(Mr. Sikkander, Sri Lanka)

addition, the proposal to borrow from commercial banks would mean that the Organization would have to pay substantial sums in interest, an expense which in the long run would be borne by the Member States. However, the creation of a humanitarian revolving fund for emergency situations was a timely and positive measure. The proposal to establish a United Nations peace endowment fund was an innovative one, although the financing of the fund, the projected size of which was equivalent to almost one year's regular budget, was likely to cause practical difficulties in the current financial climate.

16. In his report "An agenda for peace" the Secretary-General had also recommended that the General Assembly should appropriate one third of the estimated cost of each new peace-keeping operation as soon as the Security Council decided to establish the operation. That proposal should be given thorough consideration in the light of the discussions in progress in the General Assembly. He looked forward to the Secretary-General's observations on the conclusions and recommendations to be put forward by the group of experts that had been asked to examine the question of the financing of the Organization.

17. Mr. MONTAÑO (Mexico) said that the time had come to find a definitive solution to the financial crisis which had lasted for 17 years. The basis for the Committee's discussions should be the set of proposals put forward by the Secretary-General and the proposals made by his predecessor to which the General Assembly had given preliminary consideration at its forty-sixth session. In dealing with the question, two fundamental principles should be respected. First, the distinct and specific nature of the financial problems arising in connection with the regular budget on the one hand, and those stemming from peace-keeping operations, on the other, must be recognized. Second, the measures designed to resolve those problems must take into account the specific factors, both technical and political, that had given rise to the existing situation.

18. With regard to the regular budget, his delegation had repeatedly stressed that administrative measures had little chance of success unless there was a genuine political will on the part of Member States to meet their financial obligations in full and on time and to respect the democratic nature of the Organization. The unilateral withholding of payments as a means of promoting special interests was totally inconsistent with the spirit of the Charter, while domestic economic grounds could not justify systematic disregard of international obligations. Nevertheless, a distinction should be drawn between temporary arrears within the financial year and failure to make payments for previous years, the latter being a clear violation of the financial responsibility assumed towards other Member States. In that respect, his delegation supported the charging of interest on unpaid contributions for previous years since that would introduce an element of rationality and would serve as an incentive to Member States. The other proposals, aimed at increasing the Working Capital Fund and authorizing the Secretary-General to borrow commercially and retain budgetary surpluses, could mitigate the consequences of the failure by some Member States to pay their

(Mr. Montaño, Mexico)

contributions, but did not tackle the roots of the problem and might have unfavourable side-effects. They should therefore be treated with caution.

19. With regard to the financing of peace-keeping operations, on the one hand there was a growing need for resources because of the unprecedented increase in such operations over the past four years, while, on the other, appropriate financial mechanisms were needed to deal with the main characteristics of such operations, namely, their urgency and unpredictability. Two essential factors should be taken into account when devising new financing mechanisms, namely, the special financial responsibility of the five permanent members of the Security Council and the very limited capacity to pay of the developing countries. In addition, the principle that the General Assembly should have exclusive competence for all matters affecting the financing of the Organization's activities must be respected.

20. With regard to the three specific measures proposed by the Secretary-General in his "Agenda for peace", his delegation was in favour of the proposal concerning the establishment of a Reserve Fund to meet initial expenses of peace-keeping operations, on the understanding that the amount of the Fund and the mechanisms for its operation would first be defined collectively within the framework of the informal consultations on the matter. In that connection, the possibility should be explored of using the surpluses deriving from the payment of debts to provide the Fund with initial resources. The second measure proposed by the Secretary-General, the appropriation of one third of the estimated cost of each new operation as soon as the Security Council had decided to establish it, appeared interesting but, on the one hand, it would be tantamount to implicitly conferring budgetary powers on an eminently political organ, the Security Council, and, on the other, it would have only a limited effect in practice, since the Fifth Committee traditionally acted promptly on the financial implications of peace-keeping operations.

21. The third proposal, that the Secretary-General should be authorized to place contracts without competitive bidding, arose from a praiseworthy desire to introduce the desired flexibility so that the Organization could react to exceptional circumstances, but, as the Board of Auditors had shown, only 17 per cent of the contracts placed during the biennium 1990-1991 had been awarded as a result of competitive bidding. It appeared, therefore, that the desired flexibility already existed and that the solution to the problem of delays in the delivery of the goods and services required for peace-keeping operations should be sought through better coordination and follow-up in the procurement process.

22. His delegation believed that the other ideas put forth in recent months on the financing of the Organization's activities should be closely examined once specific information was available. It was awaiting additional information on the Secretary-General's report on the special scale of assessments for peace-keeping operations. His delegation took note of the establishment of an expert working group to propose additional measures for

(Mr. Montaño, Mexico)

improving the Organization's financial situation, and awaited with interest the report which the Secretary-General would submit on the subject. At all events, it was the duty of all Member States to bring the Organization out of the paradoxical situation in which it found itself; every day more was expected of it while at the same time it was not provided with the means to respond to the expectations.

23. Mr. CASAP (Bolivia) said that, despite the end of the cold war and the revitalization of joint international action, Member States did not seem ready to grant the United Nations the resources it needed to carry out the new mandates entrusted to it. His delegation associated itself with the Secretary-General's appeal to Member States to meet their financial obligations; Bolivia, for its part, was up to date in its payments to the regular budget. The picture that emerged from the various reports of the Secretary-General was hardly reassuring and the Bolivian delegation had therefore studied closely the proposals put forward by the Secretary-General with a view to improving the Organization's financial situation in document A/46/600/Add.1.

24. As far as the payment of interest on unpaid assessments was concerned, his delegation agreed with the Advisory Committee that the time had come to consider such a proposal seriously but that the system envisaged should operate on a case-by-case basis. It was also in favour of the continued suspension of financial regulations 4.3, 4.4 and 5.2, but emphasized the temporary nature of that measure. As for the proposal that the Working Capital Fund should be increased to a level of $250 million, it agreed with the Advisory Committee that, before agreeing to an increase, Member States should respect the principle of the prompt payment of assessed contributions.

25. With regard to the establishment of a Peace-keeping Reserve Fund, his delegation believed that, while it was important to guarantee the initial financing of such operations, that should not be done at the expense of Member States which had fulfilled their financial obligations. His delegation was opposed to any commercial borrowing, since the United Nations was not a profit-making organization and would not be in a position to repay its debts.

26. Lastly, although the idea of setting up a United Nations Peace Endowment Fund was interesting, the possible participation of outside sources of financing was a matter of some concern.

27. His delegation was formally opposed to the proposals made in the course of the discussions regarding changes in the special scale for the apportionment of the costs of peace-keeping operations, since the precarious economies of the developing countries did not allow them to increase their contributions.

28. Mr. MYINT (Myanmar) said that the only solution to the financial crisis of the United Nations was for all Member States to fulfil their obligations

(Mr. Myint, Myanmar)

under Article 17 of the Charter. Myanmar had always paid its contributions to the regular budget and to peace-keeping operations in full.

29. In his opening statement, the Under-Secretary-General for Administration and Management had emphasized the seriousness of the financial situation and the need for an urgent solution to the problem. His delegation endorsed the view expressed by many other Member States, that in the apportionment of the costs of peace-keeping operations, account should be taken of the special responsibilities of the permanent members of the Security Council and of the fact that the economically more developed countries.were in a position to make relatively larger contributions than the less developed countries.

30. His delegation thought that the question of charging interest on the amounts of assessed contributions that were not paid on time needed to be examined with care. It welcomed the proposal regarding the establishment of a temporary Peace-keeping Reserve Fund at a level of $50 million, to meet the initial expenses of peace-keeping operations, but agreed with ACABQ that a policy decision by the General Assembly was required on the principle of financing for the fund. The other proposals needed further detailed study.

31. Mr. ABDUL GHAFFAR (Bahrain) said that the repercussions of the many situations of tension and crisis on international security and stability made it the duty of all Member States to provide the Organization with the means to carry out its peace-keeping operations successfully, a duty which the State of Bahrain had always fulfilled. His delegation had studied with care the report on the administrative and budgetary aspects of the financing of United Nations peace-keeping operations (A/47/484), in particular the solution proposed therein for the elimination of the "anomalies" in the allocation of countries to the four groups set out in General Assembly resolution 43/232, as adjusted in the relevant subsequent resolutions. The scale proposed on that basis used per capita national income average as a criterion for the allocation of countries to the four groups, the aim apparently being to eliminate overlapping. However, the allocation to the four groups indicated in annex I was based on capacity to pay, which was itself based not on per capita national income average but on national income, a criterion which had always governed the apportionment of the costs of assessed peace-keeping operations.

32. It should be noted that the elimination of what the report called "anomalies" in the allocation of countries was reflected by the transfer of a number of countries from group to group. As an indicator of social welfare, per capita national income average, like any other, was frequently deceptive, particularly in the case of developing countries with a small population and an economy based on a single source of earnings. In that connection, it was important to bear in mind the many resolutions on island developing countries and the specific difficulties experienced by that group. His delegation accordingly rejected the use of the criterion of per capita national income average for the apportionment of the costs of peace-keeping operations on the grounds that it believed it to be biased in that it imposed financial obligations on States with a small population that were far in excess of their

(Mr. Abdul Ghaffar, Bahrain)

capacity to pay and put them on the same footing as the industrialized countries.

33. Mr. VARELA (Chile) stressed that the financial situation of the United Nations was both serious and paradoxical: while Member States placed greater expectations in the Organization than ever before, many of them were shirking the commitments they had freely undertaken and the obligations established by the Charter. The Organization's financial problems and the resulting uncertainty of its situation raised questions about its viability and effectiveness. Whatever might be the need for, and the merits of, the restructuring of the Secretariat, it was above all essential that countries should pay all their contributions to the regular budget and to the budgets for peace-keeping operations on time, particularly since it appeared that the possibilities of borrowing from the accounts of peace-keeping operations - a method of financing which in theory was for special cases only but had actually become quite common - had been exhausted.

34. His delegation appreciated the efforts of the Secretary-General to strengthen the financial independence and thus the credibility of the Organization, and was prepared to study his proposals carefully, with a view to arriving at a general agreement on a solution to the current crisis. Thus, his delegation felt that the possibility of charging interest on the amounts of assessed contributions that were not paid on time might have a dissuasive effect, provided that account was taken of special cases and of the capacity to pay of the debtors. In that regard, it would be advisable to grant special conditions to countries that were in a difficult economic situation, to allow a grace period of one year before applying such interest charges, and to provide for a certain flexibility in the schedule of payments throughout the year. While Chile was making a significant financial effort, it noted that no provision had been made to encourage those countries which had paid their commitments on time to continue to do so. Finally, although all Member States had a duty to pay their assessments regularly, those whose assessments were the highest unquestionably had a special responsibility in that regard.

35. Chile had noted with great interest the proposal regarding the establishment of a Peace-keeping Reserve Fund and a Humanitarian Revolving Fund. In that connection, he recalled the common position adopted by the countries of the Rio Group, which held that the financing of peace-keeping operations was a collective obligation and that the permanent members of the Security Council bore a special responsibility in that regard. The system for the apportionment of costs established on the basis of General Assembly resolution 3101 (XXVIII) must be applied systematically.

36. It would be interesting if the conclusions of the high-level group of experts on the long-term financial security of the Organization were made available during the current session. However, both in the future and for the present, the fundamental source of financing for the regular budget and for peace-keeping operations was and would continue to be the payment of assessed contributions in accordance with the commitments undertaken by each country.

37. Mr. TAMMAR (Saudi Arabia) said that his country's payments for peace-keeping operations were equivalent to 20 per cent of its contribution to the regular budget. In paragraph 9 of his report (A/47/484), the Secretary-General proposed that countries with 1980-1989 per capita national income averages at or above $5,000 should be allocated to group (b); that meant that Saudi Arabia would have to pay an amount similar to the amounts to be paid by certain permanent members of the Security Council and equivalent to 100 per cent of its contribution to the regular budget. Not only was that increase contrary to the principle of equity set forth in the financial regulations of the Organization; it did not even take into account the true situation of his country.

38. Indeed, the war which Iraq had inflicted on its neighbours had had a very negative impact on his country's national revenues and on its basic development indicators. That in itself should be reason enough to maintain Saudi Arabia's contribution to the financing of peace-keeping operations at its present level. Despite the difficult situation in which it found itself, Saudi Arabia had taken on heavy obligations vis-à-vis its own people and the people of many friendly peace-loving countries, and it had never refused to offer a helping hand unconditionally to countries that needed it. Another important factor to consider was that Saudi Arabia was a developing country; it would not be right to impose on it the same financial burden levied on industrialized countries. Its economy depended on oil, which was a non-renewable resource that was subject to the fluctuations of the world market. Oil revenues could not be compared to those obtained from industrial and agricultural activities. His delegation felt that it would therefore be difficult to apply the formula proposed in the report of the Secretary-General, and hoped that its remarks in that regard would be taken into account during the discussion of agenda item 124.

39. Mr. AL-ESSA (Kuwait) said that his delegation viewed with great concern the deterioration of the financial situation of the Organization, a phenomenon which could be attributed to the failure of Member States to pay their assessed contributions on time. Kuwait belonged to the small group of countries that had always paid their contributions to the regular budget on time because, as the Minister for Foreign Affairs of Kuwait had said in the General Assembly, it would not be right to assign ever greater responsibilities to the Organization and not give it the material and political means to discharge those responsibilities. The measures proposed by the Secretary-General to resolve the financial crisis might indeed alleviate the difficulties and some of them should certainly be studied further, even though they represented provisional solutions and some might even increase the financial burden on the Organization. There was no doubt, however, that the only way to solve the problem was for Member States to demonstrate their political will to honour their financial obligations in full and on time.

40. With regard to the financing of peace-keeping operations, to which Kuwait attached special importance in view of the Organization's success in that field, his delegation urged Member States to pay their contributions in full

(Mr. Al-Essa, Kuwait)

and on time and to make up their arrears, so that the Organization could carry out its activities as effectively as possible.

41. With regard to the regrouping of Member States for the apportionment of the costs of peace-keeping operations, his delegation felt that the proposal that those countries with 1980-1989 per capita national income averages at or above $5,000 should be allocated to group (b) was contrary to the principle of real capacity to pay and did not take into account the true situation of countries. The measure would therefore not produce positive results, but, on the contrary, might add further anomalies to the current system of apportionment, inasmuch as it would affect developing countries which had many specific responsibilities and which were facing many economic and financial difficulties.

42. Kuwait, for example, had suffered greatly from the base Iraqi aggression and its entire economic infrastructure had been destroyed, so much so that it was now in debt and at the same time had to pay the costs of reconstruction. His delegation therefore requested that the proposal be abandoned, since it did not take into account the true situation of countries, ran counter to the principles traditionally applied for the calculation of assessments, increased the burden on certain developing countries, and was not equitable.

43. Mrs. IIYAMBO (Namibia) said that her delegation was deeply concerned about the current financial situation of the United Nations. Despite its own problems, which were due especially to the drought that had afflicted southern Africa, Namibia had met all its financial obligations. It was thus one of the countries that were doing their best not to aggravate the crisis - which, as could be seen from paragraph 10 of the report of the Secretary-General (A/C.4/47/13), was due to an accumulation of arrears.

44. Her delegation welcomed the proposals put forward by the Secretary-General in the aforementioned report, but believed that the Secretary-General should not be authorized to borrow commercially until the consequences of doing so had first been carefully studied. Such a solution might place a further burden on all countries, including those which had paid their contributions in full and on time.

45. Namibia, which was in a good position to know that well-funded peace-keeping operations could succeed appealed to all Member States to pay their assessed contributions for peace-keeping operations, taking cognizance of their obligations under Article 19 of the Charter. Moreover, bearing in mind the unforeseen nature of such operations, her delegation supported the establishment of a Peace-keeping Reserve Fund, and endorsed the proposal that one third of the estimated costs of each peace-keeping operation should be appropriated by the General Assembly as soon as the Security Council decided to establish the operation.

46. Mr. WISNUMURTI (Indonesia) said that his delegation noted with dismay that the growing gap between the tasks entrusted to the United Nations and the financial means provided to it had created an atmosphere of permanent financial crisis. It therefore shared the concerns which had prompted the Secretary-General to make a number of proposals in his report on the work of the Organization and in his report "An agenda for peace", with a view to solving the problems of cash flow.

47. The increase of the Working Capital Fund and the establishment of a Peace Endowment Fund would not remove the root cause of the financial difficulties but would augment the burden borne by the countries which had paid their contributions.

48. However, the idea of charging interest on arrears of assessed contributions deserved serious study. But the proposal to authorize the Secretary-General to borrow commercially should be treated with great caution. His delegation shared the view of ACABQ that the interest on such borrowing would impose an additional financial burden on Member States; but above all it stressed the fact that such a solution did not address the source of the problem, which was the failure of some Member States to fulfil their obligations. Indonesia approved in principle the immediate establishment of a Peace-keeping Reserve Fund and concurred with the view expressed by ACABQ on the issue in its 1991 report on the financial situation of the United Nations (A/46/765).

49. Mr. MICHALSKI (United States of America) said that in 1992 the United States had paid over $700 million of its current assessments for the regular budget and peace-keeping operations and that additional payments were expected before the end of the year. It had also paid a part of its arrears: approximately $140 million over the past two years. Those payments demonstrated that despite its financial constraints the United States was doing what it could to ensure the stable financial functioning of the United Nations. Furthermore, a brief review of the crisis showed that, far from being a recent phenomenon caused by a single Member State, it was the result of a series of difficulties dating back to the 1960s which had subsequently been exacerbated by the non-payment of a large part of assessed contributions or the withholding by some Member States of part of their contributions, even though United Nations reserves had been practically exhausted in the mid-1980s.

50. From 1989 the situation had improved. The Secretariat reports showed that from 1989 to 1991 unpaid contributions had amounted to only $19 million out of total assessments of $4 billion, i.e. a collection rate of over 99 per cent. The United States, for example, had paid $1,155.7 million during that period, an amount nearly equal to its regular budget and peace-keeping assessments.

51. In order to analyse the Organization's financial condition correctly, the rate of collection must be measured against the assessments for the current year. Paragraph 11 of the Secretary-General's report (A/C.5/47/13) indicated that unpaid contributions to the regular budget, as of 30 September, totalled

(Mr. Michalski, United States)

$826.3 million, the equivalent of 80 per cent of the regular budget assessment for 1992 ($1,037.4 million). That was a misleading way of presenting things, for if the shortfall was really 80 per cent of the funds needed by the Organization to carry out regular budget programmes in 1992, it would have closed its doors several months ago. In fact, the figure given in the Secretary-General's report was a cumulative amount representing the total unpaid regular budget contributions since the mid-1960s. In order to get an accurate idea of the situation, that amount must be compared with the cumulative amount of contributions paid during the same period. Since the latter amount was estimated at almost $12 billion, the cumulative amount of unpaid contributions, i.e. $826 million, represented approximately 7 per cent of the total assessment. In other words, as of 30 September Member States had paid about 93 per cent of total assessed contributions to the regular budget. The situation ought to improve still further by the end of the year, provided that other regular budget contributions were paid.

52. As the Under-Secretary-General for Administration and Management had indicated to the Committee, the Organization had received about $250 million in regular budget payments in the previous week. If that amount was added to the $650 million already received by 30 September, the total paid to the regular budget was $900 million, or roughly 90 per cent of the total assessment for 1992. It could thus be seen that the low collection rate recorded as of 30 September did not properly reflect the current financial situation.

53. The analysis of the funding of peace-keeping operations presented in the Secretary-General's report was more realistic. However, despite a high collection rate the Secretary-General criticized the unevenness of the receipt of payments; his delegation thought such criticism unfair and unnecessary, for the majority of the operations in question had been approved only recently and many Member States had difficulties in paying rapidly the large contributions requested from them.

54. While it was necessary for Member States to pay their contributions in full and on time, the Secretariat must take a more realistic view of the management of the Organization's resources. In the event of cash-flow problems marginal activities should be curtailed or modified, and programme managers must find the means of implementing activities with fewer resources than anticipated. In any event, there was no evidence that the recent cash-flow difficulties had had any negative impact on the delivery of priority programmes.

55. With regard to the concrete proposals made at the previous session for coping with the Organization's financial problems, his delegation noted that the General Assembly had established a Humanitarian Revolving Fund with a capital of more than $50 million to be provided by voluntary contributions, including a substantial contribution by the United States; the Fund was currently supporting United Nations activities in Somalia. On the other hand, his delegation was sharply opposed to the other measures proposed at the

(Mr. Michalski, United States)

forty-sixth session: establishing a Peace Endowment Fund; charging interest on arrears of assessed contributions; authorizing the Secretary-General to borrow commercially; and permanently suspending the financial regulations governing the return of budgetary surpluses to Member States.

56. At the present session the delegation of Japan had proposed a new mechanism to provide financial support for peace-keeping operations which would expand the Organization's financial reserves and allocate an even greater amount for such operations than recently proposed by the Secretary-General, and without any new assessments. His delegation was willing to work with the Japanese delegation and all the members of the Committee to ensure the adoption of that constructive proposal.

57. The Secretary-General had made other proposals in his report "An agenda for peace". The United States delegation had already stated its views on the question, in particular that it supported the establishment of a Peace-keeping Reserve Fund to finance start-up costs, an idea put forward at the forty-sixth session. Consideration might also be given to accelerated appropriations when United Nations reserves were not adequate, but the United States could not accept the proposal that the General Assembly should appropriate fully one third of the estimated costs of each new operation as soon as the Security Council decided to establish it, or the proposal for waiver of the rule that the Secretariat must submit contracts for goods and services to competitive bidding.

58. The United States hoped that the debate and decisions of the forty-seventh session would assist the expert group established by the Secretary-General to study the long-term financing of the Organization. It was unfortunate that the Secretariat could not at the moment provide Member States with the comprehensive data needed to assess the financial situation realistically, but that should be remedied when the integrated management system became operational.

59. Mr. JARAMILLO (Colombia) said that, like most delegations, he believed that the only way to resolve the crisis was for Member States to pay their contributions on time and in full, while of course at the same time improving the management of the Organization. Peace-keeping operations posed special problems in that regard; it would be recalled that a number of large-scale peace-keeping operations had had to be set up within a very short time. The speed was no doubt what had prevented the Committee from studying with requisite care the comments of ACABQ and the Board of Auditors on the shortcomings they had noted in the planning and implementation stage of the operations, particularly with regard to coordination in the field.

60. His delegation considered it crucial that troop selection should be done on the basis of impartial and fair criteria. Not to respect the principles of universality and equality among Member States when it came to the contingents generously put at the Organization's disposal was unacceptable. As to the financing of peace-keeping operations, it was important that all measures

(Mr. Jaramillo, Colombia)

planned should be reviewed as a whole so that Member States could have an accurate idea of the financial implications. In addition, the review should take into account the proposals made, in particular, by the group of experts appointed by the Secretary-General; the decisions ultimately taken should make it possible to deal with late payment of contributions without unbalancing the regular budget; and consideration should be given to establishing a United Nations Peace Endowment Fund, with the understanding that any fund raising from private sources should in no way compromise the impartiality and neutrality of the Organization.

61. Mr. MORET (Cuba) observed that thought should be given to the cause of the current crisis, primarily political in his view, originating as it did in 1985 when the main contributor had begun to hold back part of its contributions to put pressure on the other Member States. It would be unjust and pernicious not to make a distinction between late payment due to the insolvency of Member States, especially in the case of developing countries facing serious economic difficulties, and what amounted to political blackmail.

62. Cuba was in general agreement with the comments and recommendations made by the Advisory Committee in document A/46/765 regarding the proposals made by the Secretary-General in document A/46/600/Add.1. It was, however, firmly opposed to charging interest to States Members who did not pay their contributions on time because of economic problems. As for the proposals made in the report entitled "An Agenda for Peace" and reproduced in annex I of document A/C.5/47/13, it was regrettable that the Committee, contrary to established procedure, still has not received the comments of the Advisory Committee. Nevertheless, his delegation was ready to consider the proposal to establish a revolving peace-keeping reserve fund and had been in touch with the other delegations which had studied the question.

63. His delegation believed that the proposal for the immediate appropriation of one third of the estimated costs of each new peace-keeping operation should be reviewed in the light of the other proposals and measures that would be adopted by the General Assembly, particularly with regard to the establishment of a reserve fund, without forgetting that there was already a special account for peace-keeping operations. Lastly, the suggestions in section C of annex I were only ideas, and his delegation would in fact like to know the source. In any case, the suggestions in paragraphs (c) and (e) would, if they were to become proposals, be unacceptable in its view. As a final point, the Organization's financial difficulties could not be analysed solely from a technical point of view that ignored their political context.

64. Mr. RAZVIN (Russian Federation) said that Russia was following with attention and concern the issue of setting the Organization on a solid financial footing, the only way of allowing it to deal with the complexities of the new era that had succeeded the confrontation between Eastern and Western blocs. The serious economic difficulties Russia was experiencing at the moment in no way affected its dedication to the goals and ideals of the Organization. In his recent meetings with the Secretary-General,

(Mr. Razvin, Russian Federation)

President Yeltsin had indicated that Russia would pay US$ 130 million before the end of March 1993. It had recently made a first payment of $18 million, a proof that it definitely intended to meet its financial obligations.

65. It was not enough, however, to have the necessary funds. The financial health of the Organization also presupposed a rational and effective use of funds. His delegation would return to some aspects of the question, but already wished to emphasize that the aim should be especially to limit budget growth, eliminate duplication, terminate ineffectual or outmoded programmes, improve budgetary control and as far as possible hold down additional expenses due to inflation. It further believed that an integrated approach had to be adopted to resolve the problems connected with the Organization's financial crisis; the search for a long-term solution must go hand in hand with measures aimed at increasing the efficiency of the Secretariat and rationalizing its activities.

66. With regard to the proposals made by the Secretary-General in his report on the financial situation of the Organization, his delegation especially favoured the proposal to establish a peace-keeping reserve fund. The emphasis there should be on looking for multiple sources of funding, and mechanisms that did not entail additional expenses for Member States.

67. On the other hand, the proposal to increase the Working Capital Fund seemed unacceptable to the Russian Federation. It would not resolve the problems that were at the root of the Organization's financial difficulties. Similarly, it was difficult to accept the proposal to authorize the Secretary-General to borrow commercially, because that would only raise the cost of United Nations activities. His delegation was firmly convinced that to improve the Organization's finances and ensure the viable operation of its administrative units, it was essential to offer commercial contracts for the purchase of goods and services needed by the Organization. At that juncture, the procedures for reviewing the contracts and bids would have to be speeded up and a strict system of control instituted within the various administrative units, with greater openness shown towards Member States and closer ties promoted with them through their missions.

68. The idea of establishing a United Nations Peace Endowment Fund seemed premature and not very realistic at the moment. Lastly, the proposal to appropriate one third of the estimated cost of each new peace-keeping operation as soon as the Security Council decided to establish it did not seem judicious to his delegation. It was convinced that the interests of the Organization demanded a detailed study of the procedures for funding operations, first in ACABQ and then in the Committee.

The meeting rose at 12.50 p.m.